

THE BUSINESS REVIEW

THE LIBRARY OF THE
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UNIVERSITY OF ILLINOIS



FEDERAL RESERVE BANK OF PHILADELPHIA

APRIL 1, 1941

Business and banking activity in the Third Federal Reserve District has expanded further. Markets generally are active. A large volume of new orders for a wide variety of manufactured goods is being received, inventories at factories and distributive establishments are being increased somewhat, and industrial operations are still advancing. Despite increased production, backlogs continue to accumulate.

Employment has increased further. Wage incomes are rising as a result of more and steadier work, increased overtime, and some advances in basic rates of pay. Working capital requirements of industry are substantially greater than a year ago, and the demand for bank credit has become active. Expanding business and consumer buying power, more active demand for goods, and potential shortages of key labor, materials, and equipment have stimulated advances in prices of commodities. Particularly sharp increases have occurred recently in prices of imported materials. Quotations on securities generally have fluctuated narrowly during the past several weeks owing largely to uncertainty arising from impending developments in the war.

Defense expenditures by the government in this and other districts are still increasing. Large orders are being placed locally for ships and a wide variety of other products required by the Army and the Navy. Orders for airplanes and equipment in this area have not yet been large, but are increasing as a result of new and expanded productive facilities.

As an aid in financing the defense program, new

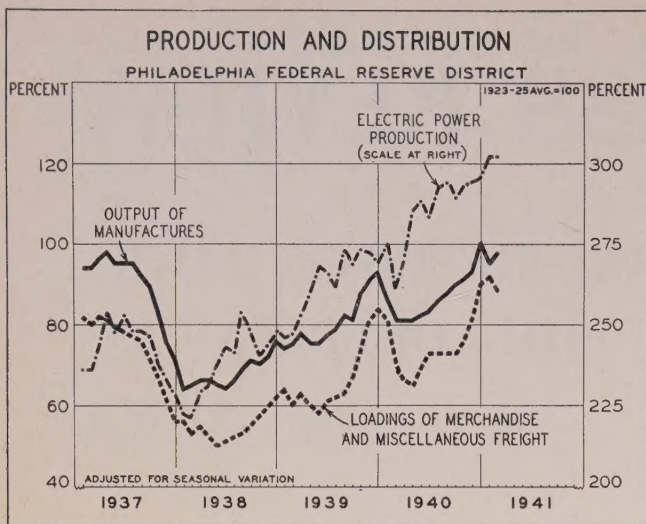
types of savings securities are to be offered by the Treasury, and to accelerate production regional Defense Contract services have been established in the Federal Reserve Banks and branches. These developments will be more fully explained in a supplement to The Business Review to be issued shortly.

Industrial production in this district in February increased further. Manufacturing activity in both producers' and consumers' lines expanded and is above the levels of a year ago. Output of electric power, anthracite, and bituminous coal was well sustained in February. Production of crude oil declined somewhat.

Construction activity in February receded from the unusually high levels of the preceding months. Operations continue well above a year ago, however, especially in the case of commercial and industrial buildings, and further gains are in prospect.

Wholesale and retail trade expanded substantially in February and was considerably above last year. The gains appear to have been extended in March, and an active spring season is in prospect. Freight-car loadings have been fairly well maintained near the previous high levels.

Bank deposits in this district have reached new peaks, and reserves have expanded further. The demand for funds has been increasingly active, as reflected in sustained advances in circulation and in commercial loans. Higher levels of business and extension of subcontracting under the defense program are expected to accentuate this trend during the next several months.

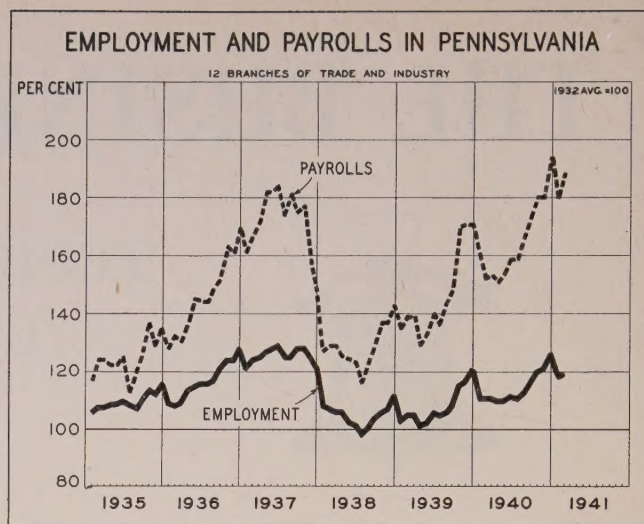


Manufacturing. The demand for goods manufactured in this district has been increasingly active, and the volume of inquiries and sales in the month ended the middle of March was substantially larger than a year ago. Orders for steel and other heavy goods at plants in this district have increased further; sales of building materials have again expanded, following a temporary lull in the markets earlier in the year; and new orders for a variety of textile products have been unusually large. Backlogs in virtually all lines of manufacturing are still rising despite high levels of operations.

Stocks of finished goods at producing plants showed little change in the past month and were about the same as a year earlier, except in the case of textiles, where substantial decreases were reported, and building materials, where inventories are being accumulated in anticipation of an active season. Stocks of raw materials were increased further in the month and were substantially above a year ago. Some ordering in anticipation of possible shortages has occurred in certain lines, but for the most part the accumulation of supplies appears to be in line with requirements.

Employment in Pennsylvania factories increased about 2 per cent from January to February and wage disbursements were expanded by 6 per cent, or about twice the usual seasonal gain. More than 1,000,000 workers were employed at wages totaling over \$27,900,000 a week, representing the largest volume of employment and payrolls in the State since 1929.

The gains from January to February were widespread. Preliminary reports indicate further general advances in employment and payrolls in March, especially at plants manufacturing defense equipment, other steel products, and textiles.

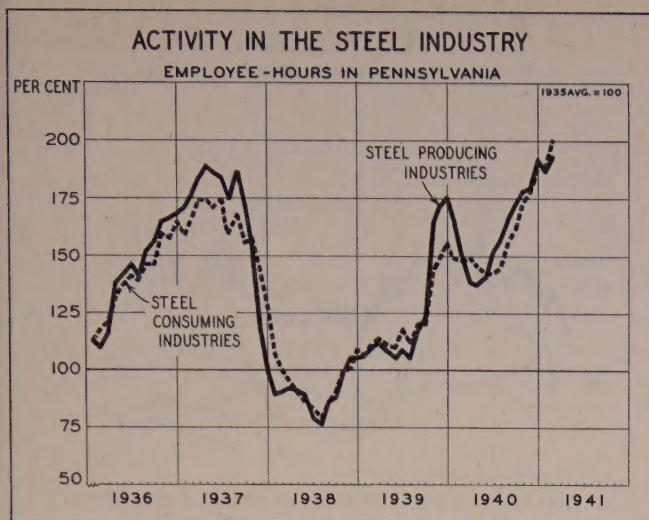


Wage payments in the heavy goods industries in February increased 5 per cent to a new high record and were 38 per cent above February 1940. Particularly large gains were reported at factories producing automobiles and parts, at railroad repair shops, and in the nonferrous metals industries. Further advances were also reported at iron and steel mills and at factories producing forgings and such finished goods as machinery, engines, electrical apparatus, and tools. In the consumers' goods industries, gains were about as large as were to be seasonally expected, with some improvement being shown in the case of certain textiles and foods. Compared with February 1940, wage payments in the lighter lines showed an increase of 9 per cent.

Average hourly earnings of factory workers in Pennsylvania increased to a new high of nearly 75 cents. Working time also increased to an average of 40 hours a week, so that weekly income advanced to \$29.65, the highest in records started in 1923 and 15 per cent above a year ago.

In southern New Jersey employment increased 3 per cent from January to February and wage payments expanded 5 per cent to levels 16 and 36 per cent respectively above February 1940. In Delaware, the number of factory workers was reduced slightly in the month, but wage disbursements increased 7 per cent.

The output of manufactured goods in this district increased 3 per cent more than seasonally in February, improvement being equally distributed among durable and nondurable lines. In the case of heavy goods, the production of which was nearly 50 per cent above a year earlier, the principal gains in the month were at shipyards and cement



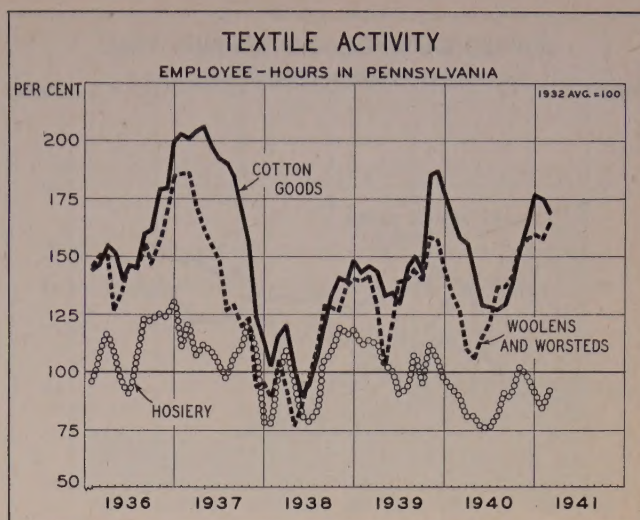
plants. Activity in the shipbuilding industry in this area was more than 85 per cent above a year ago, and the output of cement was more than double that of February 1940. At plants manufacturing metal products, the gain was slightly smaller than seasonal in February, as in some lines operations approximate capacity levels.

Production of consumers' goods in February was about 2 per cent greater than a year ago. The principal gains in the month were in the output of textile and leather products. With the exception of certain textiles, all lines were sustained at or above the levels prevailing twelve months earlier.

Output of electric power was well maintained in February, and total sales increased about seasonally. Sales to industry expanded 5 per cent more than was to be expected and were 26 per cent larger than a year ago.

Coal and other fuels. Sales of fuels for domestic consumption have been well sustained. In the case of bituminous coal, demand has increased further, reflecting the high level of manufacturing and distributive activity and some accumulation of supplies pending settlement of labor negotiations. Exports of coal and fuel oil early in 1941 were smaller than a year ago. Prices of fuels generally have been firm.

Production of Pennsylvania anthracite declined less than was to be expected from January to February but was curtailed somewhat further during the first part of March. Colliery output averaged 188,500 tons a day in February as against 191,400 tons in January, but was the largest for the month since 1936. The volume mined thus far in 1941 approximates that of a year ago.



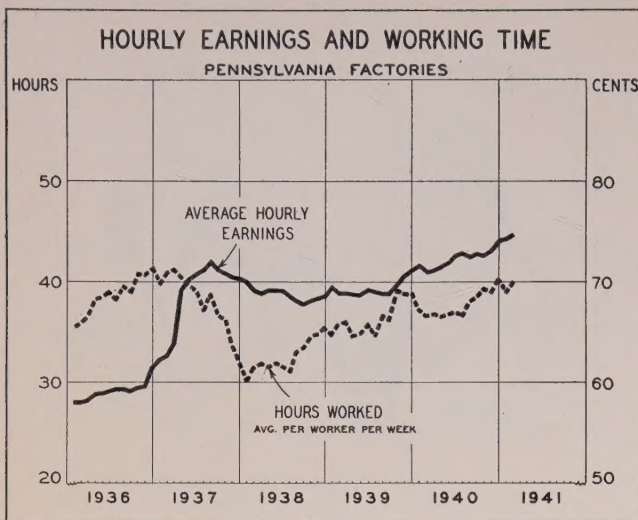
The output of bituminous coal increased from 420,800 tons a day in January to 430,500 tons in February, when there is usually a decline, and was the largest since November 1939. During the first two months of 1941, output has been about 14 per cent above 1940.

The market for by-product coke remains unusually active, and operations in February were at the highest levels in records going back through 1923. Output of coke ovens and oil refineries, respectively, was 16 per cent and 19 per cent above a year ago.

Building. Construction activity in this district slackened somewhat from January to February, but operations continued above the level of early 1940. New contracts awarded also decreased in the month and were smaller than a year ago. Prices of building materials in recent weeks have remained close to the fifteen-year peak reached about the middle of January.

The value of contracts awarded declined 41 per cent in February to approximately \$10,900,000, or 15 per cent less than a year ago. Substantial decreases in the month were reported in all types of construction except one and two-family houses and educational buildings, which increased 5 and 2 per cent respectively. Contracts for commercial and factory buildings declined sharply, but were the largest for the month since 1930 and 10 per cent above the level of a year ago. Compared with last year, pronounced declines occurred in awards for apartments and hotels, public works and utilities, and unclassified construction.

In the first two months of this year awards of contracts totaled \$29,300,000, or 18 per cent more

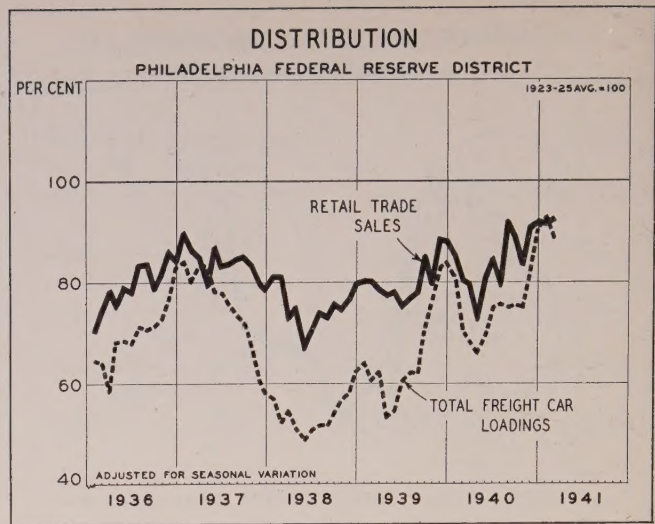


than in 1940. This gain reflected substantial increases in the case of industrial and commercial buildings, and small dwelling units.

Trade. Distributive activity advanced further in February from earlier high levels, and freight shipments and sales to retailers and consumers were substantially above a year ago. Sales at retail increased considerably more than seasonally in February and, except for a short period of bad weather, improved further in March. The volume of business in all reporting wholesale lines also increased substantially in the month. The movement of freight expanded somewhat less than seasonally from the unusually high levels which have prevailed since last fall. Further substantial increases in trade are in prospect during the next several months as little accumulation of inventories has been in evidence and consumer incomes are approaching record highs.

Sales by department stores increased 6 per cent more than seasonally from January to February and were 18 per cent larger than a year ago. Some improvement was also in evidence at stores specializing in shoes and women's apparel. Sales of durable consumers' goods by credit stores increased less than seasonally, owing in part to the large purchases of these products in preceding months. The volume of business reported by men's apparel stores declined somewhat more than might have been expected. At all types of stores the sales were substantially larger than in early 1940.

Stocks of goods at retail establishments have been increased somewhat further. The expansion was of about seasonal proportions at department

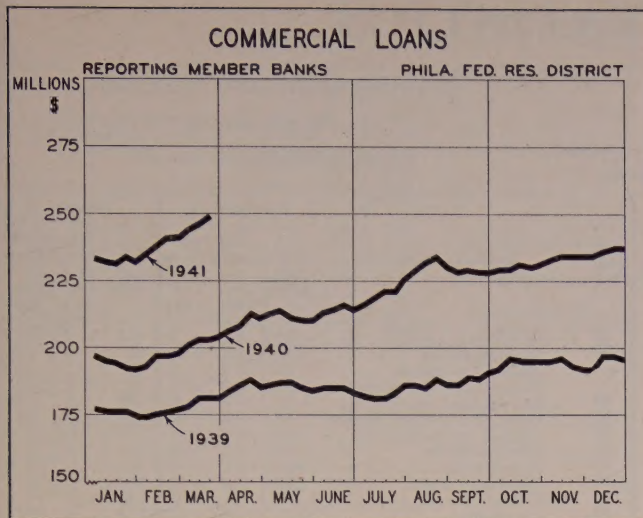


stores and somewhat greater in other lines. Compared with a year ago stocks at department stores showed no change, were lower at shoe stores, and somewhat higher in the case of establishments specializing in apparel and durable consumers' goods.

Wholesale trade sales increased 10 per cent from January to February and were nearly one-third more than in February 1940. Increases in the month were shown in all reporting lines, especially at establishments selling footwear, electrical supplies, and jewelry. The largest gains over a year ago continued to be in sales of electrical supplies and hardware. Inventories at wholesale establishments increased about 2 per cent in the month and were 5 per cent above a year ago.

Freight shipments by rail increased less than seasonally in February from the earlier peak levels. Volume was still 25 per cent larger than in February 1940, and further increases appear to be in prospect. Shipments of merchandise and miscellaneous commodities increased somewhat less than seasonally in the month, and loadings of coke and ore, which have been unusually large since last summer, failed to show the gain that usually occurs at this time of year. The movement of coal expanded as much as was to be expected, but shipments of farm products declined. Loadings of all types of freight except grains and livestock products were well above a year ago.

Sales of new passenger automobiles increased 30 per cent in February from the high levels of the preceding month. Further gains are in prospect this spring despite unusually large sales thus far this season. Compared with a year ago sales in the first two months showed a gain of about 15 per cent.

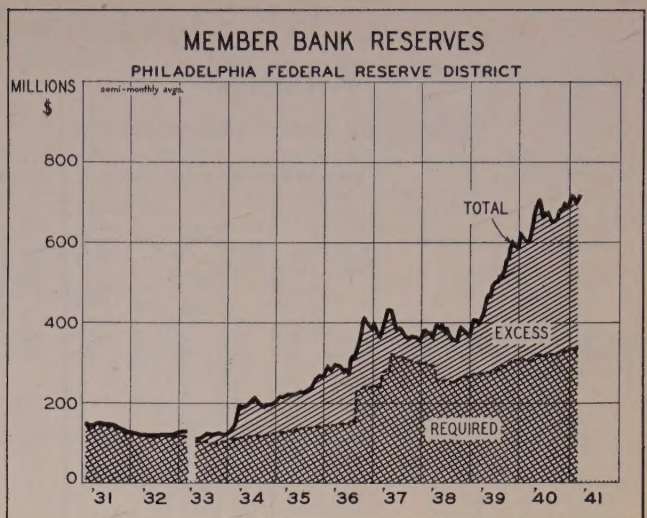


Banking conditions. The expansion in industry and trade under the stimulus of the National Defense Program has been accompanied by an unusually active demand for commercial credit. Deposits at the member banks, sustained by the growth in bank credit and by funds transferred from other districts, have advanced to new high levels despite heavy tax payments in the past month.

Cash resources of the banks continue exceptionally high. In addition to the large balances with correspondents, the member banks in this district carried reserves averaging \$717,500,000 in the first half of March. In the case of banks in Philadelphia these reserves exceeded requirements by 121 per cent and at members elsewhere in the district were 87 per cent larger.

Reserves advanced to a record high of \$731,500,000 on the 15th and at \$721,800,000 on March 19 were still \$20,400,000 greater than a month earlier. This increase was due principally to a gain of \$63,000,000 in transactions with other districts, chiefly in the last week of the period. Additional funds were supplied by withdrawals from nonmember clearing balances and by the deposit of outstanding officers' checks of the Federal Reserve Bank.

Income tax receipts were substantially greater than a year ago, but with the continuing heavy outgo for defense purposes and interest payments on the national debt, aggregate Treasury receipts locally were only \$35,000,000 larger than disbursements in the four weeks ended March 19. Funds also were taken from the market by the further expansion in currency demand, which since late January has been materially heavier than a year ago.



Demands upon the credit facilities of the Federal Reserve Bank continue light. In the past month discounts for members have declined approximately \$300,000 to \$157,000. Advances to industry for working capital also declined slightly to \$2,276,000, but continued larger than at any other Federal Reserve bank. The amount of governments held by this bank was unchanged.

The loans and investments of the reporting member banks increased \$9,000,000 to \$1,242,000,000, the highest point in recent years. One-half of the increase of \$92,000,000 over a year ago has been in commercial loans, which expanded nearly 23 per cent in the twelve months. Since late January larger than seasonal increases have been shown in this type of accommodation, the total gain in the past four weeks amounting to \$8,000,000. Other loans have declined slightly since February 19, owing chiefly to a shrinkage in loans made to purchase or carry securities.

Investments of the reporting banks have been rising slowly since the turn of the year and still account for about three-fifths of the earning assets. The increase of \$2,000,000 in the past month to \$754,000,000 has been due to the purchase of governments. Holdings of United States bonds increased \$7,000,000 and some guaranteed securities were added; Treasury notes declined \$4,000,000 and corporate and municipal obligations, \$2,000,000.

Deposits have increased 10 per cent over the past twelve months to record levels. Balances aggregating \$1,869,000,000 on March 19 were \$30,000,000 larger than a month earlier, reflecting gains in individual and corporate, municipal, and interbank deposits.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1941	Jan. 1941	Feb. 1940	Per cent change			Feb. 1941	Jan. 1941	Feb. 1940
				Feb. 1941 from Mo. ago	1941 from 2 mos. ago	1941 from 2 mos. ago			
INDUSTRIAL PRODUCTION	98p	96	82	+ 2	+19	+14	99p	95	83
MANUFACTURING	98p	95	81	+ 3	+20	+15	99p	93	83
Durable goods	116p	113	80	+ 3	+46	+37			
Consumers' goods	85p	83	83	+ 3	+ 2	0			
Metal products	120p	122	86	- 2	+38	+32	122p	118	88
Textile products	76p	72	76r	+ 5	+ 1	- 3	82p	74	81
Transportation equipment	161	145	92	+11	+75	+62	162	145	93
Food products	80p	82	77	- 2	+ 3	+ 4	79p	80	76
Tobacco and products	101	101	99	0	+ 2	- 3	85	84	84
Building materials	51	49r	32	+ 4	+63	+44	44	42	28
Chemicals and products	137	131	119	+ 5	+15	+ 7	137	128	119
Leather and products	113p	101	109	+12	+ 3	- 4	120p	105	116
Paper and printing	89	88	89	+ 1	0	0	89	88	89
Individual lines									
Pig iron	92	91	76	+ 1	+21	+15	95	88	78
Steel	106	109	81	- 3	+30	+22	111	107	85
Iron castings	86p	96	68	-10	+28	+24	88	88	69
Steel castings	136	137	74	- 1	+84	+66	152	145	83
Electrical apparatus	155	155r	103	0	+50	+48	148	146r	99
Motor vehicles	34	32	19	+ 6	+83	+63	34	28	19
Automobile parts and bodies	100	102	63	- 1	+59	+43	108	101	68
Locomotives and cars	51	49	40	+ 5	+28	+30	52	48r	41
Shipbuilding	808	686	433	+18	+86	+74	792	700	425
Silk manufactures	74	70	70	+ 6	+ 6	+ 3	79	71	74
Woolen and worsteds	66	60	55	+11	+20	+13	68	60	57r
Cotton products	48	52	47	- 8	+ 1	0	51	53	50
Carpets and rugs	117	105	142	+12	-18	-19	119	100	145
Hosiery	87	81r	92	+ 9	- 5	-10	91	84	96
Underwear	130	134r	131	- 3	- 1	- 3	141	131r	143
Cement	76	66	37	+15	+108	+69	53	46	26
Brick	65	67r	38	- 3	+69	+51	62	62r	37
Lumber and products	29	30r	25	- 2	+17	+11	28	28r	24
Bread and bakery products				+ 3*	+ 1*	+ 1*	90	88	90
Slaughtering, meat packing	95	96	95	0	0	- 3	97	105	97
Sugar refining	77	134	59	-43	+29	+22	100	92	77
Canning and preserving	70p	70	61	+ 1	+16	+16	66p	68	56
Cigars	100	101	98	- 1	+ 2	- 6	84	83	83
Paper and wood pulp	79	78	77	+ 2	+ 3	+ 1	79	77	77
Printing and publishing	90	90	91	+ 1	- 1	0	90	90	91
Shoes	139	126	133	+11	+ 5	0	146	128	139
Leather, goat and kid	88p	78	87	+14	+ 1	-12	95p	82	94
Explosives	146	122	99	+20	+47	+41	146	122	99
Paints and varnishes	89	91	85	- 2	+ 5	+ 6	87	82	83
Petroleum products	164p	154	147	+ 6	+11	+ 1	162p	153	146
Coke, by-product	141	147	122	- 4	+16	+ 8	149	147	128
COAL MINING	67	64	51	+ 5	+31	+ 8	73	74	56
Anthracite	65	62	49r	+ 5	+33	+ 3	71	72	54
Bituminous	83	77	68	+ 7	+22	+14	90	88	74
CRUDE OIL	396	423	444	- 6	-10	-10	396	406	444
ELEC. POWER—OUTPUT	302	302r	261	0	+16	+13	320	321	277
Sales, total	312	311	264	0	+18	+14	337	320	286
Sales to industries	231	219	183	+ 5	+26	+20	228	212	181
BUILDING CONTRACTS									
TOTAL AWARDS†	64	69	53	- 7	+22	+34	64	76	52
Residential†	64	75	47	-15	+35	+40	45	60	33
Nonresidential†	84	88	47	- 4	+78	+97	85	95	48
Public works and utilities†	55	60	96	- 9	-43	-34	66	77	115

* Unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.

p—Preliminary.
r—Revised.

Local Business Conditions*

Percentage change—February 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Jan. 1941	Feb. 1940	Jan. 1941	Feb. 1940	Jan. 1941	Feb. 1940	Jan. 1941	Feb. 1940	Jan. 1941	Feb. 1940
Allentown	+3	+16	+8	+39	-27	-39	+26	+24	-15	+8
Altoona	0	+1	+6	+7	-13	+166	+28	+7	-16	+9
Harrisburg	+2	+18	+5	+33	-80	-88	+11	+23	-9	+9
Johnstown	0	+8	+6	+21	-71	+327	+43	+17	-5	+8
Lancaster	+2	0	+5	+12	-41	-79	-6	+5	-10	+7
Philadelphia	+2	+14	+7	+33	-23	-4	+7	+18	-11	+11
Reading	0	+6	+5	+26	-16	+198	+21	+27	-17	+12
Scranton	+2	+3	+7	+14	-56	-77	+5	+9	-13	-10
Trenton	-1	+12	-1	+27	+115	+386	+14	+20	-27	-7
Wilkes-Barre	+5	+4	+10	+22	-44	+25	+5	+15	-16	+16
Williamsport	+2	+7	+9	+14	-74	-18			-17	+20
Wilmington	-1	+15	+7	+33	-59	-92	+8	+18	-33	+21
York	-3	+19	-1	+46	+147	+553	+25	+22	-4	+27

* Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	Feb. 1941 index	Per cent change from		Feb. 1941 index	Per cent change from	
		Jan. 1941	Feb. 1940		Jan. 1941	Feb. 1940
GENERAL INDEX	120	+1	+ 8	188	+ 4	+23
Manufacturing	153	+2	+11	257	+ 6	+28
Anthracite mining	67	+1	-2	77	+17	+38
Bituminous coal mining	110	+1	+ 1	233	+ 2	+17
Building and construction	42	-7	+ 6	66	-4	+30
Quar. and nonmet. mining	99	-2	+10	193	- 6	+31
Crude petroleum prod.	134	-2	+ 2	159	0	-3
Public utilities	99	-1	+ 4	113	0	+ 4
Retail trade	105	+1	+ 4	125	+ 1	+ 6
Wholesale trade	122	0	+ 2	130	+ 1	+ 7
Hotels	99	0	- 4	122	+ 1	+ 4
Laundries	106	-1	+ 6	137	0	+ 9
Dyeing and cleaning	100	0	+14	119	+ 2	+22

Manufacturing

Index: 1923-5=100	Employment*			Payrolls*		
	Feb. 1941 index	Per cent change from		Feb. 1941 index	Per cent change from	
		Jan. 1941	Feb. 1940		Jan. 1941	Feb. 1940
TOTAL	98	+2	+11	105	+ 6	+28
Iron, steel and products	100	+2	+19	141	+ 5	+40
Nonferrous metal products	153	+4	+23	207	+ 6	+40
Transportation equipment	75	+3	+20	84	+12	+33
Textiles and clothing	94	+3	+ 1	94	+9	+11
Textiles	87	+2	+ 2	87	+ 8	+11
Clothing	121	+5	0	127	+14	+12
Food products	105	0	+ 1	112	+ 2	+ 4
Stone, clay and glass	87	+1	+22	93	+ 2	+43
Lumber products	61	-3	+12	57	- 2	+25
Chemicals and products	99	+1	+ 7	113	+ 1	+10
Leather and products	94	+3	+ 1	100	+7	+16
Paper and printing	99	+1	0	107	+ 3	+ 4
Printing	90	0	0	99	+ 2	+ 3
Others:						
Cigars and tobacco	66	+3	+ 9	59	+ 4	+20
Rubber tires, goods	91	+4	+10	110	+ 8	+28
Musical instruments	70	0	+ 9	72	- 2	+10

* Figures from 2,429 plants.

Hours and Wages

Factory workers Averages February 1941 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	40.0	+10	\$.746	+5	\$29.64	+15
Iron, steel and prod.	41.4	+13	.825	+4	33.99	+18
Nonfer. metal prod.	40.0	+8	.676	+3	27.01	+11
Transportation equip.	42.7	+9	.822	+3	35.14	+12
Textiles and clothing	36.8	+7	.542	+4	19.89	+10
Textiles	36.9	+6	.548	+4	20.16	+10
Clothing	36.4	+9	.519	+5	19.10	+11
Food products	39.0	-1	.614	+3	24.54	+1
Stone, clay and glass	37.3	+13	.721	+3	26.78	+15
Lumber products	37.9	+6	.573	+5	21.43	+12
Chemicals and prod.	38.2	+1	.811	0	30.69	+1
Leather and products	39.7	+9	.559	+4	22.05	+14
Paper and printing	39.0	+1	.733	+3	29.52	+3
Printing	36.7	0	.937	+4	35.29	+2
Others:						
Cigars and tobacco	36.2	+11	.452	-1	16.38	+11
Rubber tires, goods	38.2	+15	.734	+1	28.01	+16
Musical instruments	40.7	-5	.665	+4	27.05	-1

* Figures from 2,209 plants.

† Figures from 2,429 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Feb. 1941 from		1941 from 2 mos. 1940
	Month ago	Year ago	
Sales			
Total of all lines.....	+10	+33	+25
Boots and shoes.....	+44*	+44	+45
Dry goods.....	+9	+24	+13
Electrical supplies.....	+26	+82	+58
Groceries.....	+2	+13	+11
Hardware.....	+3	+56	+49
Jewelry.....	+12	+32	+42
Paper.....	+5	+20	+7
Inventories			
Total of all lines.....	+2	+5	.....
Dry goods.....	+2	-14	.....
Electrical supplies.....	0	+34	.....
Groceries.....	+2	+12	.....
Hardware.....	+5	+18	.....
Jewelry.....	+1	-1	.....
Paper.....	0	-16	.....

Source: U. S. Department of Commerce.

Commodity prices Index: 1926=100	Feb. 1941	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities				
7 industrial.....	88	-2	+9	+24
7 agricultural.....	57	0	+2	+18
Wholesale (\$13)*.....	81	0	+2	+7
Raw materials.....	74	-1	+2	+11
Finished products.....	83	0	+3	+6
Farm.....	70	-2	+2	+15
Food.....	73	0	+3	+9
Other.....	84	0	+1	+5
Retail food*				
(1935-9=100).....	98	0	+1	+5
Philadelphia.....	95	0	+1	+2
Scranton.....	98	0	+1	+6

* Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-9=100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1941	Jan. 1941	Feb. 1940	Per cent change			Feb. 1941	Jan. 1941	Feb. 1940
				Feb. 1941 from		1941 from 2 mos. 1940			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	118p	111	100	+6	+18	+13	90p	80	76
Philadelphia.....	116	111r	98	+5	+19	+14	89	81r	75
Men's apparel.....	112p	124	102	-10	+9	+9	89p	113	81
Women's apparel.....	107	105	96	+2	+11	+5	76	86	69
Shoe.....	120	114	101	+5	+18	+20	80	87	68
Credit.....	127p	134	114	-5	+12	+12	93p	76	83
Inventories									
Department stores—District.....	101p	101	100	0	0	.....	97p	90	97
Philadelphia.....	97	97r	94	0	+3	.....	93	88	90
Women's apparel.....	101	99	95	+2	+6	.....	100	87	94
Shoe.....	105p	95	116	+11	-9	.....	98p	85	108
Credit.....	115p	111	113	+3	+2	.....	115p	106	113
FREIGHT-CAR LOADINGS—TOTAL.....	137	144	110	-4	+25	+15	123	121	100
Merchandise and miscellaneous.....	135	141	108	-4	+25	+16	123	121	99
Merchandise—L.C.L.....	100	105	92	-5	+8	+4	98	95	90
Coal.....	120	120	100	0	+21	+8	131	128	109
Ore.....	289	335	197	-14	+47	+53	69	70	47
Coke.....	166	172	114	-3	+46	+25	183	177	126
Forest products.....	97	105	67	-8	+45	+42	96	96	66
Grain and products.....	93	112	102	-17	-10	-7	96	105	106
Livestock.....	97	99	96	-1	+2	-2	93	103	91
MISCELLANEOUS									
Life insurance sales.....	95	100	87	-5	+9	+3	109	89	100
New passenger auto. registrations.....	.....	.....	.....	+30*	+30*	+14*	136p	104	105
Hotels.....	.....	.....	.....	+3*	+8*	+6*	110p	106	102
Occupancy.....	.....	.....	.....	+4*	+15*	+12*	123p	117	107
Income, total.....	.....	.....	.....	+10*	+33*	+15*	133	121	100
Business liquidations.....	.....	.....	.....	+190*	+190*	+20*	112	38	38
Number.....	.....	.....	.....	+2	+13	+8	118	118	106
Amount of liabilities.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Check payments.....	120	116	105	.....	.....	.....	.....	.....	.....

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

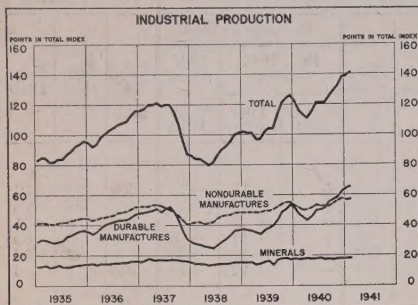
BANKING STATISTICS

Reporting member banks (000,000's omitted)	Mar. 19, 1941	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 249	+\$ 8*	+\$46*
Open market paper.....	35	+1	+8
Loans to brokers, etc.....	24	0	-1
Other loans to carry secur.....	30	-2	-1
Loans on real estate.....	49	-1	-1
Loans to banks.....	.....	0	-1
Other loans.....	101	+1*	+9*
Total loans.....	\$ 488	+\$ 7	+\$59
Government securities.....	\$ 387	+\$ 3	+\$39
Obligations fully guar'eed.....	90	+1	-9
Other securities.....	277	-2	+3
Total investments.....	\$ 754	+\$ 2	+\$33
Total loans & investments	\$1,242	+\$ 9	+\$92
Reserve with F. R. Bank.....	547	+23	+99
Cash in vault.....	23	0	+2
Balances with other banks.....	209	-2	-17
Other assets—net.....	81	+1	-3
Liabilities			
Demand deposits, adjusted.....	\$1,118	+\$22	+179
Time deposits.....	259	-1	-4
U. S. Government deposits.....	10	0	-44
Interbank deposits.....	482	+9	+40
Borrowings.....	.....	0	0
Other liabilities.....	17	+2	+1
Capital account.....	216	-1	+1

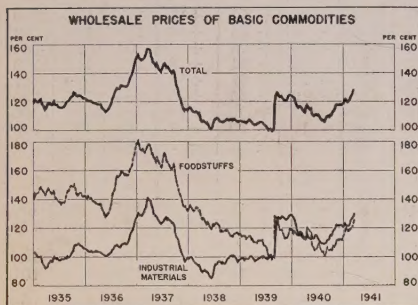
* Revised.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Feb. 26	Mar. 5	Mar. 12	Mar. 19	
Sources of funds:					
Reserve bank credit extended in district.....	-3.2	+0.2	+0.8	+0.3	-1.9
Commercial transfers (chiefly interdistrict).....	+12.9	-8.3	-2.4	+61.0	+63.2
Treasury operations.....	+9.1	+4.4	+6.6	-55.5	-35.4
Total.....	+18.8	-3.7	+5.0	+5.8	+25.9
Uses of funds:					
Currency demand.....	+3.2	+4.7	+2.7	-0.0	+10.6
Member bank reserve deposits.....	+17.9	-6.1	+3.3	+5.3	+20.4
"Other deposits" at reserve bank.....	-2.3	-2.1	-1.0	-0.2	-5.6
Other Federal Reserve accounts.....	-0.0	-0.2	-0.0	+0.7	+0.5
Total.....	+18.8	-3.7	+5.0	+5.8	+25.9
Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired	
Phila. banks:					
1941: Feb. 1-15.....	\$505.8	\$231.3	\$274.5	119%	
Feb. 16-28.....	515.7	234.1	281.6	120 "	
Mar. 1-15.....	525.3	.....	.....	.....	
1940: Mar. 1-15.....	421.6	209.7	211.9	101 "	
Country banks:					
1941: Feb. 1-15.....	190.4	102.1	88.3	86 "	
Feb. 16-28.....	192.4	102.7	89.7	87 "	
Mar. 1-15.....	192.2	.....	.....	.....	
1940: Mar. 1-15.....	181.9	96.0	85.9	90 "	
Federal Reserve Bank of Phila. (Dollar figures in millions)	Mar. 19, 1941	Changes in—			
		Four weeks	One year		
Bills discounted.....	\$ 0.2	-\$ 0.3	-\$ 0.0		
Bills bought.....	0	0	0		
Industrial advances.....	2.3	-0.1	-1.0		
U. S. securities.....	174.8	0	-28.1		
Total.....	\$177.3	-\$ 0.4	-\$29.1		
Note circulation.....	421.4	+7.5	+75.4		
Member bk. deposits.....	721.8	+20.4	+108.5		
U. S. general account.....	71.4	+33.0	+4.9		
Foreign bk. deposits.....	76.0	-0.2	+38.3		
Other deposits.....	23.8	-5.6	-0.4		
Total reserves.....	1162.4	+57.5	+258.5		
Reserve ratio.....	88.4%	+0.7%	+5.3%		

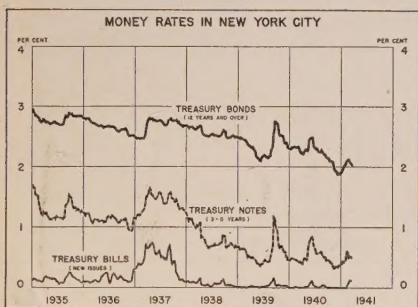
National Summary of Business Conditions



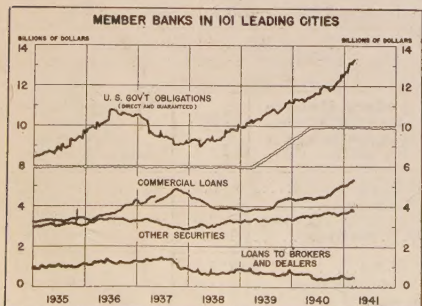
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to February 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939 = 100. Thursday figures, January 3, 1935 to March 13, 1941.



Weekly averages of daily yields of 3 to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to March 15, 1941.



Wednesday figures, January 2, 1935 to March 12, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity and employment increased further in February and the first half of March. Buying by producers and consumers continued in large volume and wholesale commodity prices, particularly of imports, advanced.

PRODUCTION

In February volume of industrial output, on a daily average basis, rose more than seasonally, and the Board's adjusted index advanced from 139 to 141 per cent of the 1935-39 average.

Increases in February, as in other recent months, were largest in the durable goods industries where a large proportion of defense program orders have been placed. Activity continued to rise sharply at machinery plants, aircraft factories, shipyards, and in the railroad equipment industries. Steel production fluctuated around 96 per cent of capacity in January and February and rose to 99 per cent in the first half of March. New orders for steel continued large and, despite the high rate of output, unfilled orders increased further. Many orders have been placed for delivery in the second half of this year, reflecting the prospect of heavy consumption and some uncertainty on the part of steel users regarding future availability of supplies. Output of pig iron, coke, and nonferrous metals was likewise at near capacity rates in February and unfilled orders for these products, too, were at exceptionally high levels. Demand for lumber continued large owing to a high rate of construction activity and output was sustained in large volume for this time of year. Automobile production increased in February and the first half of March to about the peak rate attained last November. Retail sales of new and used cars advanced to unusually high levels.

In industries manufacturing nondurable goods, activity continued at the record levels reached in the latter part of 1940. There were further increases in the cotton textile, rubber, and chemical industries and activity at woolen mills also increased, following a temporary reduction in January. In most other lines activity was maintained at the high levels of other recent months.

Coal production rose less than seasonally in February but increased considerably in the first half of March when, according to trade reports, there was some inventory accumulation in anticipation of a possible shutdown on April 1 at the expiration of the present contract between the mine operators and the miners' union. Copper and zinc production increased in February and recently domestic supplies of copper have begun to be supplemented by imports from South America. Output of crude petroleum continued at about the rate that had prevailed during the three preceding months.

Value of construction contract awards in February declined somewhat more than seasonally, reflecting decreases in both public and private work, according to reports of the F. W. Dodge Corporation. Awards for public construction, although sharply reduced from the high levels reached in the latter half of 1940, were somewhat above those of a year ago, and awards for private construction were nearly half again as large as in February of last year.

DISTRIBUTION

Distribution of commodities to consumers increased more than seasonally from January to February. Sales at variety stores and by mail-order houses were the largest on record, making allowance for usual seasonal changes, and department store sales were also at a high level.

Freight-car loadings increased by about the usual seasonal amount. Shipments of miscellaneous freight, consisting mostly of manufactured products, showed an increase while loadings of forest products rose less than seasonally and grain shipments declined.

WHOLESALE COMMODITY PRICES

Prices of a number of basic imports rose sharply from the early part of February to the middle of March. Cotton yarns and gray goods and nonferrous metal scrap showed further increases in this period and there were also advances in prices of some other domestic commodities, including lead, wheat, cotton, and oils and fats.

BANK CREDIT

Commercial loans continued to increase at member banks in 101 leading cities in February and the first half of March and these banks also purchased additional Treasury notes and bills issued in connection with the defense program. As a result of the increase in loans and investments, bank deposits showed a further marked advance.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of government securities increased after February 15, following a sharp decline in the preceding ten weeks. The 1960-65 bonds on March 15 were about $3\frac{1}{8}$ points above their price on February 15 and about $1\frac{1}{4}$ points below the all-time peak of December 10. The yield on this issue, which increased from 2.03 per cent at the peak in prices on December 10 to 2.30 per cent on February 15, had declined to 2.14 per cent on March 15.